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Chairman: Mr. Park Hae-yun (Vice-Chairman) (Republic of Korea)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

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In the absence of Mr. Rosenthal (Guatemala), Mr. Park Hae-yun (Republic of Korea), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (continued) (A/55/11)

1. **Mr. Herrera** (Mexico) expressed concern at the failure of several Member States to pay their assessed contributions in full, on time and without conditions.
2. His delegation noted with alarm the tendency to authorize, nearly automatically, exemptions from the provisions of Article 19 of the Charter of the United Nations. Apparently, it was simpler and more effective to request an exemption from the Assembly than to submit a case for consideration by the Committee on Contributions. Such actions only weakened the sole mechanism provided for in the Charter for encouraging Member States to comply with their financial obligations to the Organization. The time had come for the Assembly to discuss the possibility of finding a mechanism similar to Article 19 to promote the payment of arrears.
3. It was unhealthy for the United Nations to depend financially on a single State; therefore, any reduction in the ceiling pointed in the right direction. At the same time, the financial burden of reducing the ceiling should not fall on a small group of countries defined according to political criteria. If the General Assembly decided to reduce the maximum assessment, that decision should be based on the existing methodology, which took into account the principle of capacity to pay. A comparative analysis of the results of proposals "D" and "E" contained in the report showed that reducing the maximum assessment from 25 per cent to 21 per cent would have no effect on the assessments of 71 Member States.
4. **Mr. Tomás** (Mozambique) endorsed the statement made on behalf of the Group of 77 and China. During the Millennium Summit, world leaders had vowed to ensure that the Organization was provided on a timely and predictable basis with the resources needed to carry out its mandate. The scale of assessments constituted the first step in that regard. Reaching a consensus on a methodology for determining the scale of assessments had never been

easy. Nevertheless, one central element of the methodology had so far enjoyed a consensus among Member States, namely, capacity to pay.

5. All Member States had a legal obligation to pay their share of United Nations expenses. His delegation therefore supported the strict application of Article 19 of the Charter, nevertheless, it understood the difficult situation of some developing countries in arrears and urged the Assembly to exempt them from the penalties under that Article. No review of the scale of assessments should result in increased financial burdens for developing countries which were already facing serious difficulties in paying their assessed contributions. His delegation proposed that the floor should be retained at 0.001 per cent and that the maximum assessment rate should not exceed the current 0.01 in the case of least developed countries.
6. The issue of the ceiling should be addressed carefully, since the very existence of the ceiling was a deviation from the principle of capacity to pay. The scale of assessments should ensure that each Member State paid its fair share of the Organization's expenses.
7. **Mr. Galuška** (Czech Republic) said that his delegation associated itself with the statement made on behalf of the European Union. An equitable scale of assessments was the cornerstone of the Organization's financial health. Accordingly, his delegation supported the basic principles of reform of the scale methodology, namely, real capacity to pay, based as closely as possible on the current economic situation of States, and simple and transparent methods for defining the scale without excessive distortions.
8. **Mr. Zahid** (Morocco) said that since the Organization's inception the agreed point of departure for determining a country's assessment rate had been its gross national product (GNP), averaged over several years, and subject to modification as its economic situation evolved. All other aspects of the question had posed difficulties for both the Committee on Contributions and Member States. Each Member State's real capacity to pay must be taken into account, particularly in the case of developing countries, which had enormous development needs and had to contend with such constraints as external debt, currency problems and fluctuating commodity prices.
9. With regard to the floor, there was a general consensus that countries experiencing the greatest difficulties, particularly in Africa, should have a

special status. The floor should not be modified, because any increases in the assessment rates of the least developed countries would weigh heavily on their economies. The ceiling had always been determined more by political than by technical criteria. The ceiling should be the subject of frank discussion in informal consultations, taking into account the views of all the States concerned. Above all, any change in the ceiling should not affect the assessment rates of developing countries.

10. **Mr. Mabilangan** (Philippines), speaking on behalf of the Association of South-East Asian Nations (ASEAN), reiterated the legal obligation of Member States to pay their assessed contributions in full and on time. In spite of the economic difficulties they had experienced, ASEAN countries strove to pay their assessments in full, as a manifestation of their commitment to the Organization.

11. With regard to the scale of assessments, the principle of capacity to pay should remain the fundamental criterion for the apportionment of expenses among Member States. The ASEAN countries also supported the recommendation of the Committee on Contributions to continue to use GNP for purposes of calculating the scale. As for conversion rates, they supported the recommendation that market exchange rates (MERs) should be used, except in cases where that would cause excessive fluctuations or distortions in the income of a Member State.

12. The statistical base period should reflect a country's capacity to pay in a realistic manner. A six-year base period was reasonable and should enjoy consensus within the Committee. The allowances given to developing countries with external debt and low per capita income should remain in any methodology. ASEAN supported maintaining the floor rate at 0.001 per cent and the ceiling at 0.01 per cent for the least developed countries and believed that any change in the ceiling should not result in increased assessments for developing countries.

13. Annual recalculation of the scale of assessments would lead to instability and should not be pursued. ASEAN shared the view of some members of the Committee on Contributions concerning the need for appropriate adjustments in the case of prospective rates that would increase by 50 per cent or more (A/55/11, para. 98).

14. **Mr. Darwish** (Egypt), after endorsing the statements made by the representative of Nigeria on behalf of the Group of 77 and China and the representative of South Africa on behalf of the Movement of Non-Aligned Countries, stressed that it was important for Member States in arrears to make full payment of their assessed contributions in accordance with a fixed time schedule so that the United Nations would then be in a position to perform its duties. He regretted that the Committee on Contributions had been unable to agree on the elements of the methodology for the scale of assessments for the period 2001-2003, as it would complicate the possibility of reaching any agreement in the light of the widely deferring alternatives set forth in General Assembly resolution 54/237 D.

15. Egypt would strive for the adoption of a fairer and more equitable scale of assessments that reflected the economic circumstances of the developing countries and took into account the widening gap between them and the developed countries, the impact of the debt burden on their economies and the adverse effects of globalization. In regard to the ceiling of 25 per cent, he said that while it would be wrong for the budget to be largely funded by one or two States, any reduction in the elements of the scale methodology should be borne by the major contributors and should have no adverse repercussions on the developing countries. Member States not in arrears should be given priority in the payment of peacekeeping-related reimbursements with a view to encouraging the timely, full and unconditional payment of assessed contributions. It was also important to consider thoroughly the political and economic circumstances of States which submitted requests for exemption under Article 19.

16. In view of the financially delicate situation of the United Nations, constructive consultation and dialogue aimed at settling differences was essential to ensuring that the United Nations had the liquidity needed to maintain its effectiveness. His delegation was accordingly prepared to join with the other Member States in seeking the best means of achieving that end.

17. **Mr. Widodo** (Indonesia) said that his delegation associated itself with the statements made on behalf of the Group of 77 and China, and ASEAN. The Millennium Summit had sent clear messages on the need for reform in the management of peacekeeping operations, the Security Council and the administrative

and financial aspects of the United Nations. However, such efforts would fail if they were not accompanied by sufficient resources to meet the Organization's mandated priorities. The problem was fundamentally one of a crisis of payments, and its accumulation over the past decade had brought the Organization to the brink of insolvency. His delegation reaffirmed the legal obligation of all Member States to bear the expenses of the Organization as apportioned by the General Assembly. Despite the difficult situation currently prevailing in Indonesia, his Government had already paid its contribution to the regular budget in full and had contributed a significant proportion of the peacekeeping budget.

18. The developing countries should not be assessed at a rate higher than their capacity to pay. A one-point increase in the scale for developing countries was indeed a significant one that would compete directly with resources earmarked for urgent domestic requirements. The low per capita income adjustment was of continuing relevance in providing relief to developing countries. Both the threshold and the gradient must be increased from their current level.

19. Regrettably, the Committee on Contributions had offered no specific recommendations that could serve as a basis for the calculation of the next scale. A decision on the issue should be adopted by consensus. Once the scale of assessments was fixed by the General Assembly, it should not be subject to general revision for at least three years, unless substantial changes in a country's relative capacity to pay were imminent.

20. **Mr. Ling** (Belarus) said that the changes made to the scale of assessments over the years, many of them for political reasons, had distanced it from its original foundation, the capacity to pay. Many countries, including his own, had received unfair treatment in the scale methodology. However, because it understood the need for a stable financial environment for the United Nations, Belarus had been among the first Member States to pay its contribution for 2000 in full.

21. Turning to the recommendations of the Committee on Contributions, he said that the capacity to pay, based on gross national product, should remain the basis for the calculation of income. While his delegation favoured a six-year base period, it was willing to discuss a three-year period. It supported the use of MERs in calculating future scales and agreed that the debt burden adjustment should be maintained.

22. The ceiling raised many questions for Member States and should be given careful attention. The low per capita income adjustment should be maintained, and his delegation was ready to consider the use of a sliding gradient. However, the proposals on debt indexing and restricted access to the United Nations procurement system for countries in arrears, without consideration of the reasons leading to the arrears, were unacceptable. Belarus had paid in full its contribution to the regular budget and would make every effort to pay its peacekeeping assessment as well. It had also paid its peacekeeping arrears accumulated since 1 January 1996.

23. **Ms. Petrosini** (Venezuela) said it was regrettable that the Committee on Contributions had been unable to submit recommendations for apportioning the regular budget expenses for the next triennium or to take a position on prior recommendations contained in its report. Her Government requested the Committee on Contributions to review the calculation of the exchange rate used for converting Venezuela's GNP into dollars. It was convinced of the need to adjust the MER in order to reflect Venezuela's real capacity to pay. It was regrettable that the Committee on Contributions had been unable to reach agreement on cases in which the divergence between inflation rates and exchange rates could be considered excessive.

24. Most of the proposals contained in the report would reduce the contributions of the developed countries. The percentage points subtracted from the developed countries would have to be absorbed by the developing countries without any relation to the growth of their economies. For example, Latin America's relative GNP had been \$5,546 during the period 1990-1995 and \$6,280 during the period 1993-1998. Growth had been approximately 13 per cent; it was therefore to be expected that the Latin American assessment rate should not increase by more than 13 per cent. However, in most of the proposals, the region's overall assessment was increased disproportionately, in some cases by more than 40 per cent. Such a distortion was unfair, irrational and unacceptable. She failed to understand how it could be explained to the populations of developing countries that their Governments must pay more to the United Nations in order that the industrialized and developed countries might pay less. She would appreciate clarification of why Venezuela's assessment was to increase by 35 per

cent when its real economic growth during the period under review had been less than 2 per cent.

25. Her delegation therefore supported proposal "C", the only one which really reflected the differences between the incomes of developed and developing countries. The threshold for determining the low per capita income adjustment should reflect the fact that 20 per cent of the world controlled 80 per cent of the income and that, accordingly, average world GNP was not the appropriate indicator. Her delegation was in favour of adopting the threshold of \$9,361 used by the World Bank. That threshold was calculated by taking into consideration measurements of the well-being of countries, such as the incidence of poverty and infant mortality, as well as economic variables, such as per capita GNP. With regard to the discount, her delegation was in favour of maintaining it at 80 per cent. The Venezuelan delegation also supported the use of a six-year statistical period, debt adjustment and the maintenance of a maximum assessment rate for least developed countries.

26. The fixing of a new ceiling would introduce even greater distortions than already existed; accordingly, the ceiling should remain at 25 per cent. The proposals to reduce the ceiling to 22 per cent implied a discount for one Member State, which would thus enjoy a reduction of between 17 per cent and 34 per cent, with a concomitant increase in the assessments of other States. Furthermore, her delegation believed that the issue of the ceiling should be postponed until the Member State in question had paid its debt to the Organization.

27. **Mr. Dausá Céspedes** (Cuba) said that his delegation hoped that the negotiations on the scale of assessments would result in an agreement that truly served the interests of the Organization and reflected the commitment of Member States to its work. It reaffirmed the principle of capacity to pay as the fundamental criterion for determining the scale of assessments. In its view, other elements of the methodology should include the criteria established in General Assembly resolutions 46/221 B and 43/223 B, adjustments for low per capita income and debt, a statistical base period of 6 years and elimination of the ceiling.

28. On the basis of questionable decisions by Congress, the United States of America was attempting to reduce its contribution to the regular budget from 25

per cent to 22 per cent. If the legislatures of the other 188 Member States adopted a similar policy, the Organization would disappear. The actions of the United States represented a clear violation of the many General Assembly resolutions which upheld the principle of the capacity to pay. It was unacceptable that the United States should use financial conditionalities to achieve its political objectives. Its unilateral, selective and undemocratic policies would result in a United Nations that no longer reflected the needs of the majority of its Member States, the developing countries in particular.

29. In view of the difficult economic situation faced by many developing countries, his delegation supported the requests for exemptions under Article 19 of the Charter made by the Comoros, Sao Tome and Principe and Tajikistan.

30. **Mr. Ben Mustapha** (Tunisia) said that his delegation endorsed the statement of Nigeria on behalf of the Group of 77 and China but wished to make some additional comments. All speakers, had reaffirmed the capacity to pay as the cardinal principle on which the scale of assessments should be based. It must be acknowledged, however, that the principle was being interpreted in very different ways. During its deliberations, the Committee should attempt to arrive at a definition of the concept which combined technical rigour and equity.

31. His delegation shared the view that capacity to pay should be based on recent macroeconomic indicators and currency flows. However, a balance must be maintained between the objective difficulties faced by some developing countries and the need to ensure that the Organization did not depend on a single main contributor. With regard to the ceiling on contributions, the political nature of the issue must be borne in mind, and the solution must not increase the burden of the developing countries. With regard to other elements of the methodology, his delegation believed that the six-year base period should be maintained, along with adjustments for debt and low per capita income. It also agreed with the Committee on Contributions that yearly updates of the scale were impractical.

32. **Mr. Yel'chenko** (Ukraine) said that he was also speaking on behalf of Georgia, Uzbekistan, Azerbaijan and Moldova. The Millennium Summit had reaffirmed the need for the Organization to be placed on a stable

financial footing, and it was therefore regrettable that the Fifth Committee had not been able to provide the Committee on Contributions with an agreed set of parameters for the scale of assessments. Instead, the diversity of views had resulted in the preparation of 12 separate scenarios for the scale. It was also regrettable that no consensus had been reached on the application of exchange rates, which had made it impossible to come up with statistical data on estimates of GNP.

33. The use of MERs for the conversion of national data into United States dollars should be maintained. Although in cases where MERs could cause serious distortions, price-adjusted rates of exchange (PAREs) could be applied, that measure should be limited to very specific cases, and the Committee on Contributions should determine the modalities for application of PAREs.

34. Turning to other elements of the methodology, he said that the establishment of a three-year base period would provide more up-to-date estimates of GNP. With regard to the low per capita income adjustment, various options for the parameters of the gradient could be considered on the understanding that the resulting points would be reallocated to States above the threshold. The debt burden adjustment should also be preserved, and the least developed countries should continue to benefit from a floor rate of 0.001 per cent and a ceiling of 0.01 per cent. However, the scheme of limits should not be reintroduced.

35. He supported the recommendations to grant exemptions under Article 19 of the Charter to Burundi, Georgia, Kyrgyzstan and Moldova. The lack of consistency in the consideration of such requests, in particular the request by Tajikistan, was disappointing. The recommendation to establish the rate of assessment for Tuvalu at 0.001 per cent should also be adopted.

36. **Ms. Tan Yee Woan** (Singapore) said that there were no easy answers to the question of what constituted a fair assessment rate. The principle of capacity to pay was often cited, but every delegation had a different perception of what it constituted. Numerous attempts had been made to define the principle, but the definition had been left deliberately vague because of the difficulty of marrying technical considerations with political realities. Her delegation agreed with the Committee on Contributions that it was unfair for any Member State to be subjected to increases of 50 per cent or more in assessed

contributions from one period to the next, and it favoured some form of mitigation for countries experiencing such increases.

37. There was no compelling case based on objective economic reasons to support a reduction in the ceiling rate from 25 to 22 per cent, as requested by the United States of America. Her delegation believed that, as a general rule, all arrears should be paid in full, on time and without conditions. It did not want to prejudice the outcome of the negotiations, however, and had listened very carefully to those delegations which had said that they were open to any constructive proposals that would put the United Nations on firmer financial ground. Any solution should be reasonable and acceptable to all Member States and should not disadvantage developing countries.

38. **Mr. Valfre** (Peru) said that the developing countries were watching with particular interest the review of the methodology for the scale of assessments. A precise determination of the elements making up that scale would allow the real capacity to pay of Member States to be reflected in a manner commensurate with their level of economic development. The use of updated statistical data that were as precise as possible was thus extremely important.

39. In the case of Latin America, proposal "C" of the Committee on Contributions most closely reflected realities in the region, and his delegation therefore supported it. While the methodology for determining the scale had a political dimension, it should not be used to distort the real economic and financial capacity of Member States.

40. **Mr. Lootah** (United Arab Emirates), after endorsing the statement made by the representative of Nigeria on behalf of the Group of 77 and China, said that his country, which paid its contributions to the regular budget of the United Nations and to peacekeeping in full and on time, was concerned about the crisis currently facing the Organization and about its practice of borrowing from the peacekeeping fund in order to finance its regular expenses. He disagreed with the view that, in its present form, the methodology of the scale of assessments was the main reason for the financial crisis and the loss of liquidity. On the contrary, financial security and stability would be achieved only if all Member States without exception paid their assessed contributions in full and on time

and if the Member States in arrears settled all their outstanding dues unconditionally and without further delay.

41. The principle of capacity to pay was crucial in the preparation of any scale of assessments for the apportionment of expenses, as were transparency and consensus of opinion. The individual economic and social circumstances of each State should also be taken into account in view of their impact on capacity to pay, particularly in the case of the developing and least developed countries. Political will played an important role in the discharge of financial commitments to finance the regular budget of the United Nations. The present system of financing peacekeeping operations, which emphasized the special responsibility of the permanent members of the Security Council, should continue unchanged.

42. **Mr. Christian** (Ghana) said that his delegation associated itself with the statement made on behalf of the Group of 77 and China. While it was highly unlikely that all Member States would agree to accept any one of the 12 proposed scales of assessments annexed to the report of the Committee on Contributions (A/55/11), all the proposals contained elements that deserved consideration by the Fifth Committee. Any adjustments in the current scale should not result in the assessment of developing countries at a rate higher than their capacity to pay.

43. The current six-year base period for the scale should be retained, since it was short enough to reflect changes in the economic development of Member States and long enough to ensure stability in the scale and therefore represented a good compromise between the proposals for a three- or nine-year base period. Ghana accepted the conclusion of the Committee on Contributions, contained in paragraph 81 of its report, concerning the use of MERs. The debt-burden adjustment should be retained as an element in the determination of capacity to pay, since the debt burden had unquestionably affected the socio-economic development of many developing countries. The current floor level of 0.001 per cent should be retained, as should the least developed countries ceiling of 0.01 per cent. While a review of the overall ceiling on contributions might be necessary, any change in that rate should not be arbitrary, should not distort the principle of capacity to pay and should not result in an increase in the rates of assessment of developing countries.

44. The inclusion of the low per capita income adjustment in all 12 of the proposed scales attested to the continuing relevance of that element. The current gradient of 80 per cent should be retained to ensure that the scale was fair and equitable. Any scale which the Fifth Committee adopted should address the problem of discontinuity experienced by countries moving up through the low per capita income threshold and by countries just above the threshold, and it should provide remedial measures for the countries affected.

45. The United Nations desperately needed adequate financial resources for the full implementation of its mandated programmes and activities, yet it continued to face cash flow problems caused by the refusal of some Member States to honour their financial obligations on time. The financial crisis was not due to the methodology of the scale of assessments; it could be resolved only through the timely, full and unconditional payment of all contributions, including arrears. He noted that the Committee on Contributions had considered measures to encourage States to act accordingly and expressed the hope that the Secretariat would submit the report requested in paragraph 10 of the report of the Committee on Contributions.

46. **Mr. Nakkari** (Syrian Arab Republic) expressed his support for the statement made by the representative of Nigeria on behalf of the Group of 77 and China and pointed out that his country's contribution would increase to 0.08 per cent in accordance with the scale proposals contained in General Assembly resolution 54/237 D, with the exception of proposal "C", which was more consistent with capacity to pay. He expressed surprise at the use of two different criteria for the ceiling and the scheme of limits, which indicated a tendency to disregard both the capacity to pay and the economic situation of the developing countries. As a result, the contributions of various developed countries had been reduced over the past three years at the expense of developing countries, including the Syrian Arab Republic, which had nevertheless always endeavoured to pay its increased contributions.

47. The current financial crisis of the United Nations was due to outstanding arrears, particularly those of the State which was the major contributor. Unless those arrears were paid, the worrying financial situation would simply worsen, irrespective of increases in the scale of assessments.

48. While capacity to pay should constitute the main criterion in determining the contributions paid by States, the principle of fairness should also be observed. Since the last scale of assessments, the Syrian economy had by no means improved sufficiently to justify the increase contained in any of the proposed scales. Debt and other special circumstances, such as the occupation of the Syrian Arab Golan, should be taken into account. No consideration, however, had been given to that special situation.

49. **Mr. Mwakawago** (United Republic of Tanzania) said that the Fifth Committee, in its deliberations, should bear in mind the recently adopted Millennium Declaration, in which the world's leaders had resolved to make the United Nations more effective in maintaining international peace and security by giving it the resources and tools it needed to carry out its responsibilities in that area. The United Republic of Tanzania associated itself with the statement made on behalf of the Group of 77 and China concerning the scales of assessments for the regular and peacekeeping budgets.

50. His delegation supported the use of the low per capita income adjustment and the debt-burden adjustment in determining capacity to pay. Those elements should be applied on the basis of universally acceptable criteria. The growing tendency to give the Committee on Contributions complex instructions involving issues that should be resolved through political negotiations among Member States had made that Committee's work more difficult. Consequently, its current report (A/55/11) was not particularly helpful with regard to a number of elements of the scale methodology. He hoped that the members of the Committee on Contributions would resolve their disagreement concerning the final figures for Member States' shares of global GNP so that the Fifth Committee could agree on a scale of assessments for the regular budget.

51. The current floor of 0.001 per cent should be retained, and developing countries should be assessed at a rate not exceeding 0.01 per cent. Since the base period should be a multiple of the scale period, his delegation supported a six-year base period with no annual recalculation. He trusted that the Committee on Contributions would continue to provide the General Assembly with technical advice concerning requests for exemption under Article 19 of the Charter, and he

welcomed that Committee's intention to continue to consider the question of multi-year payment plans for the payment of arrears by Member States that faced unavoidable difficulties.

52. The Fifth Committee must reach agreement on the methodology to be used for the scales of assessments for both the regular budget and peacekeeping operations and must ensure that assessed contributions were based on equitable and simple criteria for determining capacity to pay. All Member States must strive to reach a consensus by January 2001 on the many issues related to both scales. Although the Fifth Committee would be engaging in parallel negotiations on the two scales, it should give priority to the regular budget scale. Arrangements for those negotiations should facilitate the full, transparent and adequate participation of all Member States.

53. **Mr. Stanczyk** (Poland) said that his delegation approached the discussion on the scale of assessments with an open mind and was prepared to debate all elements of its methodology. The statistical base period was a key element of that methodology and played a critical role in reflecting capacity to pay as closely as possible for the years of assessment. His delegation, like many others, saw the benefits of a shorter base period. However, bearing in mind the warnings expressed by the Committee on Contributions against frequent changes in the base period, his delegation was not in favour of shortening it for the time being.

54. As indicated in paragraph 70 of the report, the availability of reliable data continued to be the Achilles heel of the scale methodology. His delegation called on the Committee on Contributions to redouble its efforts, in cooperation with the World Bank and the International Monetary Fund (IMF), to improve that aspect of the methodology.

55. His delegation looked forward to further details on the promising concept of annual updating with fresher economic data, as proposed by the French representative on behalf of the European Union. That concept, which would, according to its proponents, eliminate excessive fluctuations from one scale to another, was warranted owing to the abolition in 2000 of the scheme of limits formula, in accordance with General Assembly resolution 52/215. As stated in paragraph 131 of the report, the Committee on Contributions intended to consider the question of

annual recalculation further and was awaiting guidance on that matter from the Assembly.

56. As noted in paragraph 116 of the report, the low per capita income adjustment had been part of the scale methodology from the beginning. The current level, consisting of average world per capita income and an 80 per cent gradient, was acceptable. An issue that remained to be addressed was how to mitigate the effect of discontinuity experienced by a country moving up through the low per capita income threshold between scale periods. In that regard, his delegation drew attention to proposal "C" contained in General Assembly resolution 54/237 D.

57. For the second decade the debt relief formula had been applied for the calculation of consecutive scales of assessments. Despite some methodological imperfections, the formula had passed the test of time and usefulness for determining real capacity to pay. The double-counting objection related only to the repayment of interest on debt, since it was already included in GNP, while the repayment of debt principal was not included in GNP. For a large number of countries, his own included, the debt relief formula also played a role in ensuring the fairness and equity of their assessments. Despite the successful renegotiation and rescheduling of his country's debt repayment, debt servicing was and would be in years to come a heavy burden on its capacity to pay.

58. The role of the Committee on Contributions should be strengthened. The General Assembly would be best served if it were provided not only with technical analysis, but also with technical advice, conclusions and recommendations. His delegation shared the concern expressed by the representative of Nigeria on behalf of the Group of 77 and China that the Committee on Contributions had not provided sufficient guidance to the Fifth Committee on the scale methodology.

59. **Ms. Ibraimova** (Kyrgyzstan) said she hoped that the Fifth Committee's thorough discussions on the scale of assessments would result in a consensus on a transparent and equitable methodology that would reflect the Member States' real capacity to pay, thereby establishing a stable financial foundation for the Organization. She supported the recommendation of the Committee on Contributions that future scales of assessments should be based on GNP. The idea of a four-year base period accompanied by a reduction of

the scale period from three to two years (A/55/11, para. 114) should be analysed, since it might represent a good compromise between the proposals for a three-year or six-year base period.

60. The use of information dating back to the period 1993-1998 in calculating the proposed scale caused distortions, since any country's economic situation could change in five years as a result of economic difficulties, natural disasters or man-made problems. The many changes in the world economy since 1993 had changed the GNP of a number of countries and had increased the external debt of countries and entire regions. More recent financial statistics should therefore be used. Exchange rates should be applied with care so as not to distort the data on GNP. She asked why PAREs had been used instead of MERs in some cases. Kyrgyzstan's economic data should be converted using MERs.

61. While the application of a debt-burden adjustment was valid, the criteria for its use should be clarified. That adjustment should be based on total debt stock. The low per capita income adjustment was a very important element that helped to provide a fair basis for the calculations. The Member States seemed to agree that the floor of 0.001 per cent and the least developed countries ceiling of 0.01 per cent should be retained. However, the lowering of the overall ceiling on contributions would increase Kyrgyzstan's financial responsibilities. Thus, even though its per capita GNP had represented only about one twelfth of the world average in 1998, it would be required to increase its contributions.

62. As a country to which the provisions of Article 19 had applied during the fifty-third and fifty-fourth sessions of the General Assembly, Kyrgyzstan was convinced that no country would deliberately forfeit its voting rights by withholding contributions. Despite economic hardships, internal debts and security problems, Kyrgyzstan had paid off the arrears in its regular budget contributions and had taken decisive steps to eliminate its peacekeeping arrears. It had paid the minimum amount required in order to avoid the application of Article 19. In 1999 and 2000, it had contributed over \$1 million to the United Nations. She hoped that the Fifth Committee and the Committee on Contributions would review carefully the cases of all countries to which Article 19 applied, since virtually all of them undoubtedly reflected the effects of distortions in rates of assessment and capacity to pay.

The fulfilment, by all Member States, of financial obligations to the United Nations was the main prerequisite for the Organization's financial stability and normal functioning, but fair assessment rates were also essential.

63. If no consensus was reached on a new methodology for the scale of assessments, the existing practice should be continued. The Fifth Committee's deliberations should be based on transparency in terms of access to the information and calculations used to determine the scale.

64. **Mr. Alatrash** (Libyan Arab Jamahiriya) endorsed the statement made by the representative of Nigeria on behalf of the Group of 77 and China and expressed regret that the Committee on Contributions had made no specific recommendations that would aid consensus. He noted that, prior to the adoption in 1974 of a resolution which set the maximum and minimum assessment rates at 25 per cent and 5.51 per cent respectively of the regular budget, the United States of America had paid contributions of up to 39 per cent. Regrettably, the principle of capacity to pay, emphasized in the resolution, was unfairly applied and the statistical methodology followed was full of anomalies. In corroboration, he quoted statistics contained in United Nations documents published in the mid-1980s concerning the contributions paid by various Member States and making comparisons between contributions, per capita income and gross national product. The statistics provided ample proof of the distortions in the methodology employed: they demonstrated that the richest States with the highest capacity to pay contributed a much lower percentage in relation to gross national product than did the least developed countries. A better method of achieving the objective of the principle of capacity to pay had to be found, in the interests of fairness for the countries of the third world.

65. Emphasizing the North-South divide, he quoted further statistics to illustrate the fact that the North was inhabited by only 20 per cent of the world's population but nevertheless controlled 80 per cent of the world's trade and consumed 80 per cent of the earth's resources. Moreover, average income in the 20 richest countries was 37 times higher than in the 20 poorest countries, and almost half of the world's population lived on less than US\$ 2 per day.

66. Other factors should also be taken into consideration when determining the contributions of Member States to the expenses of the United Nations. It was common knowledge that one State in particular imposed sanctions and other punitive measures that impeded progress and prosperity in the developing countries. Such measures were incompatible with the Charter of the United Nations, international law and United Nations resolutions. Detrimental as they were to international relations and to the establishment of an international economic system based on justice and equity, such coercive and unilateral measures should be opposed. The imposition of economic sanctions affected not only the development potential of the target States but also the civilian inhabitants. The sanctions imposed against Libya, for example, affected every individual in the country and had inflicted damage estimated at over US\$ 30 billion.

67. **Mr. Ouch Borith** (Cambodia) recalled that the Millennium Declaration had reaffirmed the Member States' resolve to provide the Organization with adequate resources and to enhance the transparency of its decision-making processes. The scales of assessments for the regular budget and peacekeeping operations should be analysed in the context of United Nations reform. However, those discussions would be meaningless unless the primary cause of the deterioration in the Organization's financial situation was addressed: the continued failure, on the part of certain developed countries, to pay their assessed contributions under the regular budget and peacekeeping scales in full, on time and without conditions. That was an ethical, as well as a legal, responsibility.

68. The principle of capacity to pay was the fundamental criterion of the scales of assessments. The low per capita income adjustment should remain an integral part of the scale methodology, and the floor rate of 0.001 per cent and the least developed countries ceiling of 0.01 per cent should be retained.

69. The scale of assessments for peacekeeping operations must be considered in conjunction with the scale for the regular budget, since both were linked to United Nations reform. Peacekeeping operations had evolved significantly and must be proportionately funded by the Member States. The peacekeeping scale, like the regular budget scale, must realistically reflect the current economic situation of Member States. When the current arrangement for financing

peacekeeping operations had been adopted in 1973, Cambodia had been placed in group C. However, as a result of three decades of civil war and economic crisis, Cambodia had become one of the world's least developed countries, with an average per capita GNP of \$300 a year. That was lower than the per capita GNP of some of the countries in group D. Although Cambodia was committed to the fulfilment of its financial obligations to the Organization, it could not ignore the harsh reality of its economic circumstances. It therefore requested the Fifth Committee and the Committee on Contributions to consider relocating Cambodia from group C to group D of the scheme for apportioning the costs of peacekeeping.

70. **Mr. Čalovski** (The former Yugoslav Republic of Macedonia) said that the Organization's relevance and efficiency must be enhanced and that it must function in a democratic way. Since its establishment, the Organization had functioned essentially in accordance with the international political context. During the era of confrontation, the great Powers had sought to control the United Nations for their own political ends. Since 1990, however, the situation had changed completely. Currently, most Member States considered the Organization to be essential for their national and international security and development; accordingly, they must be prepared to finance its activities.

71. His delegation had noted the statements outlining the positions of the United States of America, the European Union, the Group of 77 and China and other large contributors. Significantly, all those statements had emphasized the need to find ways of reconciling the differences among the various countries and groups of countries. His delegation was convinced that a consensus could be reached by the end of the main part of the current session. The technical issues involved should be dealt with by the relevant expert bodies, while delegations should focus on building political will to reach consensus.

72. The discussions held thus far had not considered the functioning of the current arrangement of principal organs and their numerous subsidiary organs. In particular, they had not considered whether the functioning of those organs reflected the wishes and interests of most Member States or whether a less costly, more democratic and much more relevant and efficient arrangement, especially from the standpoint of small and medium-sized States, should be envisaged. Far more economical arrangements, particularly for the

General Assembly and the Economic and Social Council, could certainly be devised. The Committee could agree on a new arrangement whereby most of the subsidiary organs of the General Assembly and the Economic and Social Council would become redundant and the central role of the Assembly as the Organization's chief deliberative, policy-making and representative organ would be reaffirmed. That would substantially reduce the level of the budget and would facilitate the fair apportionment of the Organization's expenses. The savings achieved could be allocated to development programmes and peacekeeping missions. Lastly, any new arrangement for the apportionment of the Organization's expenses should reflect an accurate determination of each Member State's current capacity to pay and should enable the Organization to function without financial difficulties.

The meeting rose at 1.05 p.m.



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Fifty-fifth session

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Chairman: Mr. Kelapile (Vice-Chairman) (Botswana)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

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Agenda item 169: Scale of assessments for the apportionment of the expenses of the United Nations peacekeeping operations (*continued*)

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In the absence of Mr. Rosenthal (Guatemala), Mr. Kelapile (Botswana), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 169: Scale of assessments for the apportionment of the expenses of the United Nations peacekeeping operations (continued)

1. **Mr. Mbanefo** (Nigeria), speaking on behalf of the Group of 77 and China, said that the current difficult financial situation of the United Nations was not linked to the peacekeeping scale of assessments and could be resolved if Member States, particularly the major contributor, settled their arrears and honoured their obligations by paying their contributions in full, on time and without conditions.

2. The principles and guidelines for the apportionment of the expenses of peacekeeping operations approved by the General Assembly in its relevant resolutions (1874 (S-IV) and 3101 (XXVIII)) should constitute the basis for any discussion of the peacekeeping scale. In view of the limited capacity of economically less developed countries to contribute towards peacekeeping operations, that discussion should take due account of the economic conditions in those countries and of the special responsibilities of the five permanent members of the Security Council for the financing of peacekeeping operations. In that connection, the Group of 77 and China believed that a new element in regard to the floor for those members would be contrary to the principle of capacity to pay and should therefore be excluded. Lastly, he emphasized the importance of reaching agreement on the scale of assessments for the regular budget before concluding the discussions on the special scale, as well as the importance of conducting the discussions in a comprehensive and transparent manner so that all Member States could make a meaningful contribution; the Group of 77 and China looked forward to the informal consultations on the subject and to engaging in a constructive dialogue on the issues raised.

3. **Mr. Darwish** (Egypt) reaffirmed the special importance which his country attached to peacekeeping as an effective means of maintaining international peace and security and the role which it had assumed in that connection for many years. He supported the statements made by the representative of Nigeria on behalf of the Group of 77 and China and by the representative of South Africa on behalf of the

Movement of Non-Aligned Countries. The worsening financial situation of the Organization could be resolved if Member States paid their contributions to its peacekeeping budget in full and on time. Their failure to do so also delayed reimbursement of the sums owed to developing countries, including Egypt, in connection with their participation in peacekeeping operations, and that, in turn, affected the ability of those countries to contribute to the desired extent.

4. His delegation was ready to participate in any discussions aimed at guaranteeing financial and administrative support for peacekeeping operations. In that connection, he re-emphasized the need to focus on the principles and guidelines referred to by the representative of Nigeria. In particular, any scale of assessments should take into account the economic circumstances of the developing countries and reflect the special responsibilities of the five permanent members of the Security Council. He endorsed the Mexican representative's comment concerning the difficulty of accepting a situation whereby a developing country paid higher contributions than a permanent member of the Security Council and he hoped that the new proposals put forward by Mexico, the United States of America and the European Union would be circulated in order to facilitate their further discussion. He was ready to engage in discussions aimed at reaching a consensus on the scale of assessments for peacekeeping operations whereby all Member States would meet their commitment to pay their contributions in full and on time, thus enabling the United Nations to carry out its responsibilities for maintaining international peace and security.

5. **Mr. Fonseca** (Brazil) supported the statements made by the representative of Nigeria on behalf of the Group of 77 and China and by the representative of Colombia on behalf of the Rio Group. His delegation attached great importance to the item under discussion. The financial crisis affecting peacekeeping operations, was a matter of great concern; the increasing complexity of such operations simply added to the magnitude of the challenge. As a traditional supporter of peacekeeping operations and an important troop contributor, Brazil remained committed to the successful outcome of such operations.

6. The recommendations contained in the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809) merited careful examination. It was important to identify carefully the best means of

acquiring the substantial additional resources needed for their meaningful implementation. Although the present scale was outdated and required reform, the current financial problems could not be attributed to a flawed methodology; rather, they were due to the failure of the largest contributor to fulfil its obligations in full, on time and without conditions.

7. His delegation was proud of having led the negotiations concerning resolution 3101 (XXVIII), which set the principles governing the financing of United Nations peacekeeping missions. Those principles were as valid today as in 1973 and, in his view, remained equitable and fair. Although his delegation's position of principle on the issue had not changed, it was willing to consider proposals to update the formula without modification of the three basic principles: the collective responsibility for the cost of peacekeeping operations, the special responsibility of the permanent members of the Security Council, and the limited capacity of all economically less developed countries to contribute towards such operations.

8. Given that most developing countries were excluded from the decision-making process relating to the establishment and maintenance of peacekeeping missions, any change in the special scale that would entail reductions in the relative assessments of the five permanent members of the Security Council or a decrease in the assessments of the developed countries would be difficult to justify. In order to ensure fairness and achieve results acceptable to the whole membership, it was important to remember that no firm conclusions could be drawn until the impact which the regular scale of assessments for the period 2001-2003 would have on the scale for peacekeeping had been fully evaluated.

9. **Mr. Baali** (Algeria) supported the statements made by the representative of Nigeria on behalf of the Group of 77 and China and by the representative of South Africa on behalf of the Movement of Non-Aligned Countries. The ad hoc scale of assessments for peacekeeping operations required urgent reform; the current system was now too outdated to serve either the cause of international peace or the interests of Member States. In view of the vital role which peacekeeping operations played in a world plagued by regional and intra-State conflicts, it was important to provide the financial, human and logistical resources needed for the effective fulfilment of their mandates. In that context, there was a collective responsibility to put into

effect the commitment made by the Heads of State and Government in the United Nations Millennium Declaration to ensure that the Organization was provided on a timely and predictable basis with the resources it needed to carry out its mandate by participating constructively in transparent and open consultations aimed at achieving a universally acceptable reform of the scale of assessments for peacekeeping operations.

10. Since the establishment of the ad hoc scale in 1973, the economic situation of many countries, including his own, had fundamentally changed; that affected their capacity to pay. It was therefore time to adapt the scale to enable it to serve as an effective means of meeting the challenges of peacekeeping. The volume, scale and complexity of peacekeeping operations over the past 10 years had caused the peacekeeping budget to double, and it was doubtful whether the current scale was capable of guaranteeing regular and appropriate financing for such operations. His delegation's concern was heightened by the fact that the United Nations debt to troop-contributing countries, most of them developing countries, now amounted to \$800 million. Given the rising cost of peacekeeping operations, their mandates would ultimately be compromised. It was therefore crucial to rectify the anomalies in the special scale of assessments for their financing. To that end, the submission of precise, fair and realistic proposals for consideration was crucial so that a scale could be established which was both more equitable and more viable. His delegation would support proposals that did not depart from the fundamental principles, namely the special responsibility of the permanent members of the Security Council and the need to take into account the limited capacity to pay of the developing countries, in particular the least developed countries. It was imperative to base the method of calculating the scale of assessments for peacekeeping operations on clear and objective parameters, especially per capita income.

11. **Mr. Martynov** (Belarus) said that the time had come to negotiate an equitable and transparent scale of assessments for the financing of peacekeeping operations. Peacekeeping activities were becoming one of the priority areas of his country's participation in the United Nations. Belarus was in the final stages of formalizing its cooperation with the Organization under the stand-by arrangements system, and Belarusian

civilian experts were working in Kosovo and East Timor.

12. Belarus was making every effort to guarantee that it would be able to finance its share of peacekeeping operations and had laid the necessary foundations for that purpose. General Assembly resolution 54/242 had provided for the restructuring of his country's payments of assessed contributions and arrears, which had been attributable, to a large extent, to circumstances beyond its control. Belarus had paid its contributions to the regular budget in full and, at the beginning of 2000, had paid all its assessed contributions for peacekeeping operations as from 1 January 1996. It had also contributed to the financing of the international tribunals. It intended to continue to honour its financial obligations to the Organization, since the latter's stability depended primarily on the payment of contributions by Member States. By the end of 2000, Belarus would have allocated funds for its contributions to the regular budget, peacekeeping operations and the international tribunals for 2001.

13. The scale of assessments for peacekeeping operations was a complex issue. In taking decisions on the matter, the Committee must be careful to avoid any errors; in the past, Belarus had suffered the consequences of incorrect decisions. The new scale should be based on capacity to pay, which should be measured on the basis of precise information on gross national product (GNP) and per capita income. The scale should reflect the developing countries' capacity to pay by providing for a lower floor and taking their accumulated arrears into account.

14. He was grateful to those countries which had announced their willingness to give up the 80 per cent discount applied to their peacekeeping contributions, and supported South Africa's request to be relocated to group C of the financing scheme. Belarus had been in the same situation a few years earlier, when an agreement with Portugal had enabled it to be relocated to group C. The data on his country's economic development clearly showed that it should remain in that group and that its assessment rate for peacekeeping operations should not be increased in the new scale. His Government was considering the possibility of making additional contributions to the Organization's peacekeeping activities.

15. Ms. Achouri (Tunisia) said that peacekeeping was the most visible activity of the United Nations and

thus the basis on which world public opinion judged its effectiveness. In view of the significant changes over the years in the scope of peacekeeping operations, as well as the challenges faced, a comprehensive reform process was needed. In order for such a reform to be effective, it must also cover the financial aspects of peacekeeping operations.

16. Her delegation attached great importance to the principles on which the General Assembly had based the scale of assessments for peacekeeping operations, including the collective responsibility of Member States, the special responsibility of the permanent members of the Security Council, and the limited ability of developing countries to participate in the financing of such operations. Her delegation supported the position of the Movement of Non-Aligned Countries, which called for those principles to become the permanent foundation for the system of financing peacekeeping operations.

17. Capacity to pay should be taken into account, but a balance between economic and political considerations must be maintained in order to establish a truly equitable scale that did not increase the burden on the developing countries. The peacekeeping scale should continue to be based on the scale of assessments for the regular budget, which best reflected the capacity to pay of Member States. Since the two scales were closely linked, the work on the scale of assessments for the regular budget should be concluded as quickly as possible in order to allow a decision on peacekeeping financing to be taken during the current part of the fifty-fifth session.

18. Ms. Legwaila (Botswana) supported the statement made by the representative of Nigeria on behalf of the Group of 77 and China. It was important to bear in mind that the need to prevent conflict and maintain peace and the cost of the failure to do so were no more greatly illustrated than in Africa, where several United Nations peacekeeping missions were in operation. The outcome of the current discussion was therefore of major significance to her country and to Africans in general; her main concern was to find alternatives which offered tangible solutions to the practical problems faced.

19. Efforts should continue to be based on the fundamental principles which had already served the Organization well, namely the collective responsibility of Member States for the expenses of the United

Nations, and capacity to pay. Her delegation urged all Member States to follow Botswana's example and discharge their financial and other responsibilities to the Organization. The principles and guidelines laid down in the relevant resolutions of the General Assembly remained reliable pillars in the mechanism for assessing the expenses of peacekeeping operations. The system of discounts for Member States which were experiencing genuine economic difficulties should be retained in any future peacekeeping scale and the special responsibilities of the permanent members of the Security Council remained a valid consideration.

20. Lastly, she shared the view that the recommendations contained in the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809) offered a realistic vision which could advance United Nations peacekeeping efforts in the years to come. However, in the absence of renewed political commitment on the part of Member States and without institutional change and increased financial support, the ability of the United Nations to deliver effectively in its peacekeeping efforts would remain forever questionable.

21. **Mr. Mahbubani** (Singapore) said that, despite his small country's economic achievements, it had made a political choice to decline membership in groupings of the North such as the Organisation for Economic Cooperation and Development (OECD) because it considered itself a country of the South.

22. The United Nations was the only Organization responsible for global collective security, yet its Members had failed to provide it with adequate resources or personnel to carry out that responsibility. The decisions of the 15 members of the Security Council did not treat all parts of the world equally. When conflicts broke out in areas deemed to be important, such as Kosovo, large amounts of financial and human resources were mobilized; but when conflicts broke out in areas considered less important, such as Africa, resources were harder to find. The countries that took such decisions must bear the responsibility for them. That was one reason why the scale of assessments for peacekeeping operations must always have a group A for as long as the Security Council had permanent members. The remaining countries must ensure that those five States did not shirk their responsibilities.

23. Although democracy had been proclaimed as a value of the "global village", the full membership of the Security Council was neither elected by, nor accountable to, the remaining Members of the United Nations. While Singapore accepted the unequal balance of power among the Organization's Members as unavoidable, the great Powers and those countries that aspired to join them must accept inequalities in the peacekeeping scale, which were intended to reflect political and economic realities. In the interest of ensuring that the Organization's peacekeeping activities were adequately funded, the country groupings of the current scale must be reviewed and updated in order to reflect the full range of contemporary economic and political circumstances.

24. Virtually all countries agreed that capacity to pay should form the basis for the scale, but they disagreed as to how it should be measured. With respect to the criterion of per capita income, some countries with abundant human and natural resources had low per capita incomes because they had large populations, while smaller, less populous countries had deceptively high per capita incomes that did not accurately reflect their place in the international community. Significantly, of the 10 countries with the highest per capita incomes, seven had populations below 10 million, and the smallest States in the world were among the 50 countries with the highest per capita incomes. Thus, per capita income alone was an insufficient measurement of capacity to pay.

25. Paradoxically, the Organization's Members were being asked to approve a reduction in the assessment of the richest Member at a time when the latter was growing richer by the day. Inevitably, some countries would be required to increase their contributions under a revised peacekeeping scale, but it would be unfair to impose that requirement for the sole purpose of reducing the contribution of the richest country. Any increases in countries' contributions should be implemented gradually.

26. In view of the global community's increasing interdependence, each country had an interest in ensuring the survival of the Security Council. An imperfect Council was better than no Council at all. If the Committee mishandled the issue, it could imperil the only organization for global collective security. His delegation would therefore participate constructively in the negotiations on a new peacekeeping scale and would support any solution that was equitable and did

not structurally disadvantage any country or group of countries.

27. **Mr. Yel'chenko (Ukraine)** said that reform of the system for apportioning the expenses of the United Nations peacekeeping operations was at the core of the overall efforts to enhance the Organization's peacekeeping capabilities. At a time when the Organization faced unprecedented challenges owing to the increased scope and complexity of peacekeeping activities, the reforms proposed in the High-level Open-ended Working Group on the Financial Situation of the United Nations should be considered carefully. The current upsurge in the funding requirements for peacekeeping made it more important than ever to distribute the financial burden equitably to ensure that the Organization could obtain adequate resources.

28. Paradoxically, the Member States had sought for some time to improve the methodology for the regular budget scale, yet they had waited 27 years to address the system for funding peacekeeping operations, even though it was based on an ad hoc arrangement. That system gave rise to serious distortions of the capacity to pay of a number of countries and did not reflect changes in the economic performance of Member States. Owing to the rigidity of the peacekeeping scale, Ukraine had been heavily overassessed during the period of rapid growth in peacekeeping activity in the mid-1990s.

29. A reformed peacekeeping scale should reflect the collective responsibility of Member States, as well as capacity to pay, the special responsibilities of the permanent members of the Security Council and the relatively limited capacity of economically less developed countries to contribute to peacekeeping. It should be based on the regular budget scale and should align the country groupings on the basis of per capita gross national product (GNP) benchmarks to be agreed upon by the Committee. That exercise represented a historic opportunity to establish a stable, transparent and equitable mechanism for the apportionment of peacekeeping expenses.

30. **Mr. Valfré (Peru)** said that the developing countries had a special interest in the reform of the scale of assessments for peacekeeping operations. Peru, as a troop-contributing country, felt that the arrangements for funding peacekeeping activities should be institutionalized so that the Organization could carry out its mandates in that area with adequate

human and material resources and could become a decisive factor in conflict situations. The establishment of appropriate mandates and the best possible conditions for peacekeeping operations would enhance the effectiveness and safety of personnel in the field, and would help to ensure that the missions achieved their objectives.

31. The new peacekeeping scale should strike a balance between the Organization's growing needs in the area of international peace and security, including considerations related to the political importance of the participation of the five permanent members of the Security Council in taking decisions on peacekeeping operations, and the level of economic development of each Member State, including special consideration for developing and relatively less developed countries. Some of the parameters to be used in determining assessment rates might be related to the relative size of national economies, as calculated under the methodology for the regular budget scale, which should form the basis for the new peacekeeping scale. While the division of countries into four groups was a useful way of expediting the consideration of countries with similar levels of economic development, it was important to establish thresholds and discounts with care in order to ensure that developing countries did not absorb part of the contributions assessed on developed countries. Developing countries would be better able to honour their obligations if any increases in their contributions were introduced gradually.

32. Many States had supported the initiative to review the special scale of assessments for peacekeeping operations. Since that issue concerned the financial obligations of all Member States towards the Organization, the decisions taken must be agreed upon by consensus. The Millennium Declaration had reflected the aspiration of the majority of Member States to strengthen the General Assembly's capacity to consider and make recommendations on matters related to international peace and security, in line with the relevant provisions of the Charter. That would create a more direct link between the decision-making process on peacekeeping operations and the capacity to finance them.

33. **Mr. Sharma (India)** said that, even though most peacekeeping operations had been set up in developing countries and most of the troop-contributing countries had been developing countries, most people in the developing world attached far greater importance to

United Nations socio-economic development activities than to peacekeeping. While the Governments of developing countries, including his own, understood the importance of peacekeeping as an international obligation, they took a larger view of the Organization's work and did not feel that peacekeeping was its most important component. Developed countries, however, took the opposite view. It was therefore hard to understand why the most ardent advocates of strengthening United Nations peacekeeping were unwilling to pay their share of its costs, especially since they could afford to do so.

34. According to figures from the *World Development Report 2000-2001: Attacking Poverty*, the amount by which the eight richest developed countries wished to reduce their contributions to peacekeeping represented no more than 0.001 per cent of what their collective GNP had been in 1999; 0.084 per cent of the increase in their collective GNP between 1998 and 1999; and 0.006 per cent of their Governments' domestic spending in 1998. Moreover, none of those countries had progressed more than halfway towards meeting the agreed target of spending 0.7 per cent of their GNP on official development assistance. If the full amount of that assistance had been forthcoming, it might have changed the situation in many developing countries to the point of obviating the need to deploy peacekeeping operations in those countries. The major contributors, therefore, should take a larger view of what they were being asked to contribute.

35. India and other troop-contributing countries in the developing world had not pressed the United Nations to pay the reimbursements they were owed for troop and equipment costs, which usually amounted to hundreds of millions of dollars. In effect, those countries were being told that the reimbursements, which they could ill afford to lose, would not be paid unless the richest countries were granted a further reduction in their assessment rates, even though the amounts involved were negligible in comparison to the size of their economies, as was shown by the World Bank's figures.

36. It was not the scale that was unrealistic, but rather the mandates set by the Security Council for peacekeeping operations. The spiralling costs of those operations were largely attributable to the practice of assigning them increasingly ambitious and often unfeasible tasks driven by political agendas and unrelated to the needs of the countries which the operations were meant to benefit. In such

circumstances, the United Nations was set up for failure, and was then blamed for being ineffective and not offering value for money.

37. On the basis of the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809), the Committee would be asked to approve new posts in the Department of Peacekeeping Operations. However, the failures of peacekeeping had been failures of political will or of performance on the ground, and could not be prevented through the expansion of that Department. Although the latter would benefit from reinforcements, the same was true of nearly every other department in the Secretariat. If the Department of Peacekeeping Operations was expanded within a zero nominal growth budget, the Organization's resources and work would thereby be skewed in a direction favoured only by a few Member States. The consequences of the Committee's decisions in that regard must therefore be considered carefully.

38. Mr. Effah-Apenteng (Ghana) said that, in accordance with the resolve expressed in the United Nations Millennium Declaration, the international community should endeavour to ensure that the United Nations was provided with the financial, human and other resources it needed to carry out its mandates, which included the maintenance of international peace and security. Rightly or wrongly, the Organization was evaluated and judged in the court of public opinion by the effectiveness and efficiency with which it carried out its peacekeeping operations. The main constraint was financial. While it might be difficult to surmount that hurdle, it would be possible to do so if Member States summoned the necessary political will, as was emphasized in the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809).

39. Ghana would continue to contribute troops and play an active role in United Nations peacekeeping operations, as it had done for 40 years despite its limited resources. It was greatly concerned, however, that the United Nations was unable to meet its obligations to reimburse those countries which contributed troops and equipment, owing to the failure of some Member States to settle their peacekeeping contributions. In the short term, the United Nations debt could not be eliminated unless those Member States which were in arrears discharged their legal obligations and honoured their commitments to peacekeeping activities. In the long term, however, the solution was to find a stable, assured and predictable

basis for assessing the contributions of all Member States to peacekeeping activities. The current outmoded scale of assessments should therefore be revised to reflect current political and economic realities on the basis of the three underlying principles laid down for the apportionment of peacekeeping expenses in resolutions 1874 (S-IV) and 3101 (XXVIII). Due account should be taken of the economic situation of the developing countries, of the special responsibility of the permanent members of the Security Council and of the time-tested criterion of capacity to pay.

40. A thorough review of the peacekeeping scale of assessments was essential in order to ensure that Member States would be able to honour their financial obligations to the peacekeeping budget in full, on time and without conditions. He therefore hoped that all Member States would display flexibility and cooperation in a spirit of international solidarity and collective responsibility in order to reach an agreement that would end the perennial financial problems which had hitherto dogged United Nations peacekeeping activities. To that end, his delegation intended to participate fully in the discussions on the subject.

41. **Mr. Wang Yingfan** (China) said that his delegation fully associated itself with the statement made by the representative of Nigeria on behalf of the Group of 77 and China. Peacekeeping operations were an important means for the United Nations to fulfil its responsibility for the maintenance of international peace and security. His delegation therefore noted with regret that such operations were faced with increasing financial difficulties.

42. While the peacekeeping scale of assessments could be adjusted in the light of changing circumstances, the principle of capacity to pay must be preserved in a way that did not unfairly burden the developing countries. As a permanent member of the Security Council, China was fully aware of its responsibility for international peace and security, and had fulfilled its financial obligations both to the regular budget and to peacekeeping. However, any attempt to set a floor for permanent members or to increase China's assessment drastically was unacceptable to his Government. It had been pointed out repeatedly that the main cause of the current financial difficulties was the arrears accumulated over the years by a small number of countries, the major contributor in particular. Only when all Member States paid their

dues in full, on time and without conditions could the United Nations have a sound financial basis for peacekeeping. Otherwise, all talk of strengthening the role of the United Nations in peacekeeping would remain mere rhetoric.

43. **Ms. Ibraimova** (Kyrgyzstan) said that peacekeeping operations were the core task for which the Organization had been formed and the one on which it would ultimately be judged. The scope, as well as the number of peacekeeping operations had increased and there was consequently a need to enlarge this budget. The price in human lives had also been very high: between 1948 and 30 June 2000, 1,648 peacekeepers had died while serving under the United Nations flag. The international community owed a debt of gratitude to military and civilian peacekeepers for their courage and sacrifice.

44. The report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809) was a very important step towards reform, and the recommendations contained therein should be studied carefully. Her delegation supported the Panel's proposal that the Secretary-General should be given authority, with the approval of the Advisory Committee on Administrative and Budgetary Questions, to commit up to \$50 million well in advance of the adoption of a Security Council resolution establishing a new peacekeeping operation (Executive Summary, page xii). Such authority could provide the mobility needed to save lives in conflict zones.

45. Any new methodology for calculating assessments for peacekeeping operations must be based on transparency, consensus and the good will of all Member States. The current ad hoc system had been devised 27 years earlier to be applied to one operation only. It was high time to review the financial aspects of peacekeeping in all their complexity.

46. **Mr. Sotirov** (Bulgaria) said that his delegation aligned itself with the statement made by the representative of France on behalf of the European Union. The financial challenges facing United Nations peacekeeping activities must be resolved if the goals laid out in the Millennium Declaration were to be achieved.

47. For its part, Bulgaria was ready to make additional commitments to the peacekeeping budget, as was demonstrated by the recent decision of the Government to relinquish voluntarily the discount it

had received under the current financial scheme, thereby moving from group C to group B of the peacekeeping scale of assessments. In addition, arrangements were being made to pay the entire outstanding amount of its assessed contributions for peacekeeping.

48. **Mr. Niehaus** (Costa Rica) said that his delegation associated itself with the statements made by the representative of Nigeria on behalf of the Group of 77 and China and by the representative of Colombia on behalf of the Rio Group. The work of the Fifth Committee was essential to the fulfilment of the goals and principles of the Charter; it should therefore not become involved in political disputes, but should maintain the highest standards of objectivity and professionalism.

49. The United Nations required a sustainable financial system and the peacekeeping scale should therefore be based on the principle of capacity to pay. The special situation of the developing countries must also be taken into account, along with that of the permanent members of the Security Council. In addition, it was important to recognize the particular contribution made to peace by those countries which had renounced the use of force. Countries which had no standing armies or which devoted only a tiny portion of their gross national product to the military budget contributed much more to peacekeeping than did countries which had enormous military budgets or which exported arms, and therefore deserved an additional discount on their assessments for the peacekeeping scale.

50. **Mr. Jordan Pando** (Bolivia) said that the outcome of the Millennium Summit had revealed that, while the United Nations was not an organization in crisis, there were problems to be addressed in some sectors. For example, the Security Council, which had a great deal of executive power, reflected the world situation of 1945 rather than current realities. In addition, resources for development and for peacekeeping were becoming increasingly scarce.

51. His delegation endorsed the statements made by the representative of Nigeria on behalf of the Group of 77 and China, and by the representative of Colombia on behalf of the Rio Group. It agreed with the latter that the main cause of the financial problems was the failure by the major contributor to meet its obligations both to the regular budget and to the peacekeeping

budget. A State's membership in the Organization meant that the Organization's objectives and commitments must become part of Government policy; a State should not use the Organization to further its domestic political agendas.

52. Capacity to pay should be the determining factor for both regular budget and peacekeeping assessments, based on per capita income and gross national product. The existing method of apportioning peacekeeping expenses was not really a scale, but a stratification of countries into groups (A, B, C and D) with little consistency or regard for economic realities. A true scale would rank all 189 Member States, taking into account their economic and financial realities, poverty thresholds, development levels and responsibilities in the Security Council. The increased cost of peacekeeping operations was a matter of concern to all; virtually all countries wished to see a scale established based on capacity to pay. The special interests of regional groups could not be taken into consideration as that would run counter to the principle of collective responsibility for peacekeeping. Capacity to pay was, in the end, the most equitable way to ensure adequate financing for peacekeeping.

53. It was also important to adopt clear guidelines to determine what constituted a peacekeeping operation. The excellent report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809) offered an evaluation of the current situation, including its financial aspects, and recommendations for the future. It was important to the developing countries that equal priority should be placed on financing for development and on peacekeeping. Instead of allocating resources to perpetuate peacekeeping operations, the Organization should direct those resources towards development; that would lead to peace and help to prevent conflicts. A United Nations which ignored the noble objective of development and which dedicated itself only to peacekeeping would become a sort of international police force. That was not the purpose for which it had been founded.

The meeting rose at 12.10 p.m.